

Message Text

UNCLASSIFIED

PAGE 01 BORDEA 00171 281729Z

64

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 EB-07

OMB-01 TRSE-00 COME-00 LAB-04 SIL-01 /082 W

----- 033389

R 281630Z SEP 76

FM AMCONSUL BORDEAUX

TO SECSTATE WASHDC 0552

INFO AMEMBASSY PARIS

AMCONSUL LYON

AMCONSUL NICE

AMCONSUL MARSEILLE

AMCONSUL STRASBOURG

UNCLAS BORDEAUX 0171

E.O. 11652 N/A

TAGS: PINT, FR

SUBJECT: PRIME MINISTER RAYMOND BARRE S EXCLUSIVE INTERVIEW IN
SUD - OUEST.

1. IN WHAT IS REPORTED TO BE HIS FIRST PUBLISHED POLICY INTERVIEW
IN A FRENCH NEWSPAPER SINCE HIS NOMINATION AS PRIME MINISTER,
RAYMOND BARRE STAUNCHLY DEFENDS HIS ANTI-INFLATION PROGRAM AS
INHERENTLY ONE OF STRUCTURAL REFORM OF THE ECONOMY. SUD-OUEST
INFERS FROM HIS REMARKS THAT THE PM THINKS IT WOULD BE FUTILE
TO ENGAGE IN A DIALOGUE OF THE DEAF WITH HIS IDEOLOGICAL CRITICS
AND, THEREFORE, HE AIMS TO ADDRESS HIMSELF DIRECTLY TO THE
FRENCH PEOPLE IN THE HOPE THAT THEIR COMMON SENSE WILL LEAD
THEM TO SUPPORT THE MEASURES HE HAS INITIATED TO FIGHT INFLATION
AND REDRESS THE ECONOMIC SITUATION IN FRANCE. HE STATES,
CATEGORICALLY, THAT HIS ANTI-INFLATION PROGRAM HAS AS ITS
OBJECTIVE TO CREATE THE NECESSARY CONDITIONS FOR GLOBAL
AND CONTINUOUS ACTION. ANSWERING HIS LEFT WING CRITICS,
BARRE STATES THAT IT IS NOT BY REDUCING THE GROWTH OF
ECONOMIC ACTIVITY THAT HIS GOVERNMENT IS ATTEMPTING TO SLOW
DOWN INFLATION, BUT BY ESTABLISHING A FRAMEWORK OF STRICT
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BORDEA 00171 281729Z

BUDGETARY AND MONETARY POLICY ACTIONS TO MODERATE PRICES AND

INCOME. HE INSISTS THAT THE UNEMPLOYMENT PROBLEM CANNOT BE RESOLVED IF FRANCE DOES NOT ASSURE BALANCED AND DURABLE ECONOMIC GROWTH AND STRESSES THAT THE RISE IN PRICE IS THE PRINCIPAL THREAT TO EMPLOYMENT.

2. PM RAYMOND BARRE MADE THE FOLLOWING MAJOR POINTS IN AN EXCLUSIVE INTERVIEW PUBLISHED ON SEPTEMBER 28TH, 1976 IN THE BORDEAUX REGIONAL DAILY SUD-OUEST .

3. NO ONE IS MORE CONVINCED THAN I AM OF THE NECESSITY FOR STRUCTURAL REFORM OF THE FRENCH ECONOMY. LAST JUNE I UNDERLINED IN AN INTERVIEW IN L'EXPRESS THE PRESENT POLICIES WERE NOT SUFFICIENT TO ERADICATE THIS ENDEMIC ILLNESS WHICH INFLATION CONSTITUTES FOR OUR COUNTRY AND THAT STRUCTURAL REMEDIES WERE CALLED FOR. THE ANTI-INFLATION PROGRAM WHICH I HAVE PRESENTED HAS ITS OBJECTIVE TO CREATE THE NECESSARY CONDITIONS FOR GLOBAL AND CONTINUOUS ACTION. I HAVE ONLY BEEN EXERCISING THE FUNCTIONS OF PRIME MINISTER AND MINISTER OF FINANCE FOR ONE MONTH. DURING THIS LAPSE OF TIME, WHICH ONE WILL RECOGNIZE AS SHORT, I HAVE HAD TO SETTLE THE PROBLEMS OF THE AMENDED FINANCIAL LAW OF 1976 WHICH INCLUDED MEASURES OF ASSISTANCE FOR FARMERS VICTIMIZED BY THE DROUGHT, I HAD TO PREPARE THE DRAFT FINANCIAL LAW FOR 1977 WHICH INCORPORATES IN LARGE PART THE GENERAL ECONOMIC POLICY FOR NEXT YEAR, AND I HAVE HAD TO EXAMINE SOLUTIONS CONCERNING THE DEFICIT IN THE SOCIAL SECURITY SYSTEM. IN THESE THREE AREAS I HAVE STRIVEN TO INTRODUCE MEASURES WHICH PREPARE THE WAY FOR NECESSARY STRUCTURAL ACTIONS. THE MERGER OF THE NORMAL RATE AND THE INTERMEDIATE RATE OF THE VALUE ADDED TAX IS CERTAINLY AN IMPORTANT MEASURE CONCERNING THE STRUCTURE OF OUR INDIRECT TAX SYSTEM, WHICH IS ONLY ONE EXAMPLE. I BELIEVE, HOWEVER, THAT STRUCTURAL REFORMS SHOULD BE STUDIED WITH CARE, ESPECIALLY IN A COUNTRY LIKE FRANCE WHERE PURELY EMOTIVE REACTIONS OFTEN RISK THE CARRYING OUT OF NECESSARY PLANS. THE ACTION THAT I DESIRE TO LEAD IS ONE IN DEPTH. THIS IS THE REASON FOR WHICH I DO NOT CONFUSE ACTION AND VERBAL AGITATION.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BORDEA 00171 281729Z

4. IT IS PRINCIPALLY TOWARD THE SMALL AND MEDIUM-SIZE ENTERPRISES THAT THE ANTI-INFLATION PROGRAM OPENS NEW POSSIBILITIES OF FINANCING DESTINED TO FACILITATE THEIR PRODUCTIVE INVESTMENTS. I ESTIMATE THAT IN THIS SECTOR THERE EXISTS LARGE POSSIBILITIES FOR INVESTMENTS WHICH CAN BE EXPLOITED RAPIDLY AND WHICH WOULD FAVOR EMPLOYMENT. THIS IS WHY A GROUP LOAN OF 3.5 BILLION FRANCS, WHICH WILL BE RELEASED ON OCTOBER 11, WILL BE RESERVED FOR SMALL AND

MEDIUM SIZE ENTERPRISES AND TO CRAFTSMEN.

5. IN SO FAR AS THE SEVENTH ECONOMIC PLAN IS CONCERNED, ONE CANNOT SEPARATE THE ANTI-INFLATION PROGRAM FROM THE OBJECTIVES OF THIS PLAN. I HAVE REFERRED MYSELF TO THE PLAN IN THE CHOICE OF CERTAIN MEASURES: FOR EXAMPLE, INVESTMENT FINANCING AND THE ORIENTATION OF SAVINGS. FINALLY, I HAVE DECIDED TO HAVE THE GENERAL COMMISSION OF THE PLAN STUDY CERTAIN OF THE STRUCTURAL CAUSES OF INFLATION AND TO PROPOSE TO THE GOVERNMENT MEASURES TO ELIMINATE THE BOTTLE NECKS WHICH HINDER THE DEVELOPMENT OF HEALTHY COMPETITION IN THE FRENCH ECONOMY.

6. CONTRARY TO WHAT COULD BE PRACTISED IN THE PAST AND IN CERTAIN COUNTRIES, IT IS NOT BY A REDUCTION IN THE GROWTH OF ECONOMIC ACTIVITY THAT THE GOVERNMENT SEEKS TO SLOW DOWN INFLATION, BUT WITHIN THE FRAMEWORK OF STRICT MONETARY AND BUDGETARY POLICY, AND BY AN ACTION MODERATING PRICES AND INCOME. IT IS, IN EFFECT, THE TOO RAPID INCREASE OF INCOME DURING THE COURSE OF THE LAST YEARS WHICH HAS EXERCISED A CONSTANT PRESSURE ON PRICES AND WHICH THREATENS THE COMPETITIVITY OF THE FRENCH ECONOMY. EMPLOYMENT GROWTH CAN BE OBTAINED, IF THERE IS A GROWTH IN INVESTMENTS. INVESTMENT IS NOW STAGNANT NOT ONLY IN FRANCE, BUT IN MANY FOREIGN COUNTRIES INCLUDING THOSE WHICH HAVE ALREADY OBTAINED FAVORABLE RESULTS IN THE STRUGGLE AGAINST INFLATION SUCH AS THE UNITED STATES AND WEST GERMANY. IN GENERAL, I INSIST ON THE FACT THAT THE PROBLEMS OF EMPLOYMENT CANNOT BE

RESOLVED IF THE COUNTRY DOES NOT GIVE ITSELF THE MEANS TO ASSURE BALANCED AND DURABLE GROWTH. THIS POINT IS ESSENTIAL BECAUSE IT SHOWS THAT ANY EMPLOYMENT POLICY AS VIGOROUS AS IT
UNCLASSIFIED

UNCLASSIFIED

PAGE 04 BORDEA 00171 281729Z

MIGHT BE, WOULD BE USELESS IF INFLATION IS NOT SERIOUSLY PUT UNDER CONTROL. THE RISE IN PRICES IS THE PRINCIPAL THREAT TO EMPLOYMENT.DJEREJIAN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESS CONFERENCES, FOREIGN POLICY POSITION, ECONOMIC PROGRAMS, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Draft Date: 28 SEP 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BORDEA00171
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760366-0506
From: BORDEAUX
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760914/aaaaalks.tel
Line Count: 157
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 23 AUG 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 AUG 2004 by cookms>; APPROVED <15 DEC 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRIME MINISTER RAYMOND BARRE S EXCLUSIVE INTERVIEW IN SUD - OUEST.
TAGS: PINT, FR, (BARRE, RAYMOND)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006